

TESTIMONY OF BILLY BAIN
FARMER

SPECIALTY CROP SUBCOMMITTEE, HOUSE AGRICULTURE COMMITTEE

MARCH 11, 2004

Mr. Chairman, members of the subcommittee, my name is Billy Bain and I am a diversified row crop farmer from Dinwiddie County, VA. I currently serve as President of the Virginia Peanut Growers Association and am Vice-President of Peanut Growers Cooperative Marketing Association.

I must say that the peanut program ushered in by the Farm Bill of 2002 has not been accepted well in my state. During the years leading up to 2002, we grew 75,000 acres of peanuts in Virginia. With the Farm Bill passage in the midst of planting and many farmers uncertain of whether there would be a new program or not, we dropped to 56,000 acres for the 2002 crop. We reduced to 33,000 acres for the 2003 crop. I hope this is the low point for us in terms of acres.

I am always questioned about the drop in our acres and why Virginia farmers seem to see things differently than peanut farmers in other states. The basic answer deals with the cost of production of the type of peanuts we grow, which is higher than that of any other state. Combine this with two bad years and the absence of crop insurance protection, and many of our farmers have chosen to stop planting peanuts or reduce acreage dramatically.

I must take this opportunity to address the crop insurance situation. Current policies are woefully inadequate and do not even cover our farmers' production costs. It seems that inquiries to RMA are always answered with the same response - and that is "there is not enough time to make policy changes for the upcoming crop year." If a crop insurance policy will not even cover production costs, then it is useless. We have repeatedly expressed an interest in a policy catered to either production costs or a contract price, but have not been successful thus far. Time is running out for us - we need help now and ask for your assistance in adequately protecting our farmers.

As you can imagine, peanut producers from my state have not whole heartedly welcomed this program. I do have some particular items to bring to your attention, with some being successes but some being serious concerns.

I will start with the Peanut Standards Board, which has been a major disappointment. We in the peanut industry used to have a model peanut quality program, called the Peanut Administrative Committee, or PAC, which was embraced and recognized as a model by the industry, other commodities, and FDA. I am afraid we no longer can lay that claim with the advent of the Standards Board. The PAC meetings used to be a series of subcommittee meetings during which issues were thoroughly discussed and finally voted on at an annual meeting. Representatives of many industry segments attended these meetings in addition to the committee members. Now there is little to no industry participation, other than

committee members. The grower members from my area have expressed that their participation on the committee is essentially useless, as their concerns fall on deaf ears and it usually appears that issues have been decided before the meeting even begins. When AMS requests comments on issues, these are submitted but have yet to be acknowledged or answered.

There are two major quality issues under discussion in the industry, with these being the possible elimination of the segregation 3 category and off flavor peanuts and how the system treats them. I do not believe these issues should be decided by the Standards Board, as I am afraid that decisions will be made which will be detrimental to our industry. USDA's concerns must be taken into consideration, and issues such as CCC inventory costs cannot be ignored. I take pride in the quality of peanut that I spend my money to produce. The US is world renowned for its quality. Unfortunately, I question whether the PAC's goal of even-more stringent quality guidelines has been carried forward to the Standards Board. I urge you to look into these pending issues before they also become rubber stamped without all parties being able to have their concerns thoroughly debated.

I do applaud your efforts to assist USDA in establishing designated marketing associations, or DMA's, for the 2003 crop year. One of the organizations on which I serve was the DMA for the V-C area, and it operated successfully for the benefit of the producers, the shellers who participated, and the association. I urge your continued oversight, however, in assuring that only legitimate producer cooperative associations are allowed to qualify and operate as a DMA. The process should not be opened to those who have a financial interest in the peanuts involved, as this was specifically stated as not being the intent of this committee.

I commend USDA for the implementation job done thus far. Progress has been made, as evidenced by the electronic warehouse receipts issued in our area this year. However, I caution that we cannot dismantle all tools that the industry has come to rely on. The national tonnage report was reinstated this year, after being absent during the 2002 crop year. It is a most useful tool for many in our industry. There has been much discussion about the elimination of the 1007 document, which is the growers evidence of the grade and dollar value of each load delivered. It is necessary that the grower continue to receive this form, as without it he would be at a loss to keep track of what he delivered and was paid for. I urge that the department continue the use of the 1007 form. Most growers would also prefer that the smart card, or at least the farm ID card, or the 1002, be brought back to assist producers and FSA in data collection.

As evidenced by these comments, we will continue to have issues on which critical decisions must be made. Any decision made by USDA, AMS, or any other agency on which industry input is needed must be opened to all participants, particularly all growers regardless of size or growing region. I urge USDA to continue the implementation process in a fair manner, remembering the equal needs of all those who are affected by their actions, but also keeping in mind the integrity of the program and protecting the interests of CCC.

I appreciate the chance to make these comments and our grower associations stand ready to assist you in any way necessary.

